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PORTUGAL

The anti-regime document released last week by dissident members of the Armed Forces Movement appears to be drawing widespread support from military units throughout Portugal. The decision of the ruling three-man directorate to suspend the nine original signers from the Revolutionary Council may incite more soldiers dissatisfied with the way the country is being run by the radicals to accept the document.

A communique on the suspensions, issued last night by the internal security forces, says that those officers holding purely political posts were ordered to report to their general staffs for reassignment. Those who held military positions, namely the commanders of two of Portugal's three military regions, will retain their commands. General Otelo de Carvalho, commander of the security forces, has publicly denounced the dissidents' document, but is reportedly waiting to see how much support the document gets before fully committing himself. The security forces' communique is being interpreted as an indication of Carvalho's support for the dissidents.

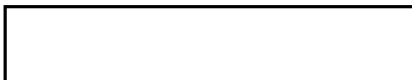
Army units, according to press reports, met yesterday to decide how to react to the suspension of the nine.



The original signers requested that military personnel make their position known by today. Final assessment of support may be delayed beyond today's deadline, since circulation of the document has been slowed partly because pro-Goncalves supporters have threatened to take legal action against those who circulate the document. Press reports indicate that Information Minister Jesuino has ordered that no mention of the document be made in the mass media.

The dissidents apparently hope that Goncalves will resign peacefully, but if he refuses he will have to rely on repressive tactics.

The Socialists, meanwhile, are completely behind Antunes' efforts to diminish Communist influence in Portugal.



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They are also encouraging visits from West European socialist leaders, hoping to attract their support and to demonstrate that the Socialist Party is acceptable to Western Europe. Danish Prime Minister Jorgensen arrives today as the first of three visitors.

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ITALY

The Christian Democratic Party last week ended its opposition to discussing political issues with the Communists on the regional and local level.

Under former party secretary Amintore Fanfani the Christian Democrats were flatly against any increase in cooperation with the Communists at the local or national level. Interim Christian Democratic leader Zaccagnini, however, won unanimous support from the party's executive directorate for an "open comparison" of ideas with the Communists on local legislative matters. The Christian Democrats, nonetheless, maintained their ban on actual participation with the Communists in local governments.

The new element in the Christian Democratic position is the party's apparent willingness to bring its contacts with the Communists into the open. As a practical matter, the two parties have consulted discreetly in many areas for years. The Communists have tried to make the practice more visible as another way of establishing their party's respectability.

The question of whether to apply the new standards at the national level will inevitably arise this fall when the fate of the fragile Moro government comes under review. The Socialists are making Christian Democratic acceptance of "indirect" Communist participation a condition for renewed Socialist participation in the center-left coalition.

Although the new Christian Democratic position paves the way for an institutionalized dialogue with the Communists at the local level, it is more a recognition of political reality than a new departure. Christian Democratic organizations in 5 of the 20 regions—Lombardy, Marche, Lazio, Calabria, and Basilicata—had already agreed to an overt conversation between the regional center-left governments and the Communists. The same thing is happening in a number of cities and provinces.

More characteristic of post-election developments, however, is the proliferation of Communist-Socialist coalitions. The "red belt," where such coalitions have been the rule, has now grown from three to five regions with the addition of Liguria and, more recently, Piedmont. Leftist administrations control all of the cities north of Rome with more than 300,000 people—Milan, Turin, Venice, Florence, Genoa, and Bologna. Close to a third of the 94 provinces and provincial capitals have, or are expected to get, leftist administrations.

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The Communists are not entirely happy with this trend, because it runs counter to party chief Berlinguer's goal of an eventual power-sharing arrangement with the Christian Democrats, i.e., the "historic compromise." The Communists continue to believe that they need a modus vivendi with the Christian Democrats in order to avoid provoking adverse reaction in centrist and conservative circles.

Accordingly, the Communists claim, for example, they are "not a bit happy" about the situation in Milan. The Communist-Socialist majority there was made possible by the defection of a small group of Christian Democrats and Social Democrats, a Socialist-engineered development that the Communists fear will sour their relations with the Milanese Christian Democrats. The Communists are trying to patch things up by offering the Christian Democrats continued access to municipal patronage.

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THAILAND

Students are again causing political tension to rise in Bangkok.

On August 3, nine farmer and student activists were arrested on charges of kidnaping and arson in north Thailand. Chiang Mai University has been closed, and students from the major universities in the country have boycotted classes in protest. Several political parties, including the Democrat Party, publicly criticized the government for the arrests. In addition, nine labor unions of state enterprise workers pledged full support for the student cause, and the National Student Center of Thailand has been organizing rallies to support the protest. A rally early Friday at Thammasat University reportedly attracted thousands of student participants who demanded the immediate release of the nine activists.

The Khukrit government seems to have the situation well in hand. It still intends to prosecute those arrested and has issued a lengthy statement clarifying the legalities involved and affirming its determination to see the matter through the courts. The government has also promised a full investigation of the recent wave of murders of activist farmers, another of the students' demands. The government's low-key approach—no riot police have been called out—has kept a potentially volatile situation from getting out of control. The current tense atmosphere is being aggravated, however, by a growing polarization between the public and Thai security officials on the one hand and students on the other. While it is clear that the government is not trying to confront the students, a provocateur from the political right or left could spark an ugly incident.

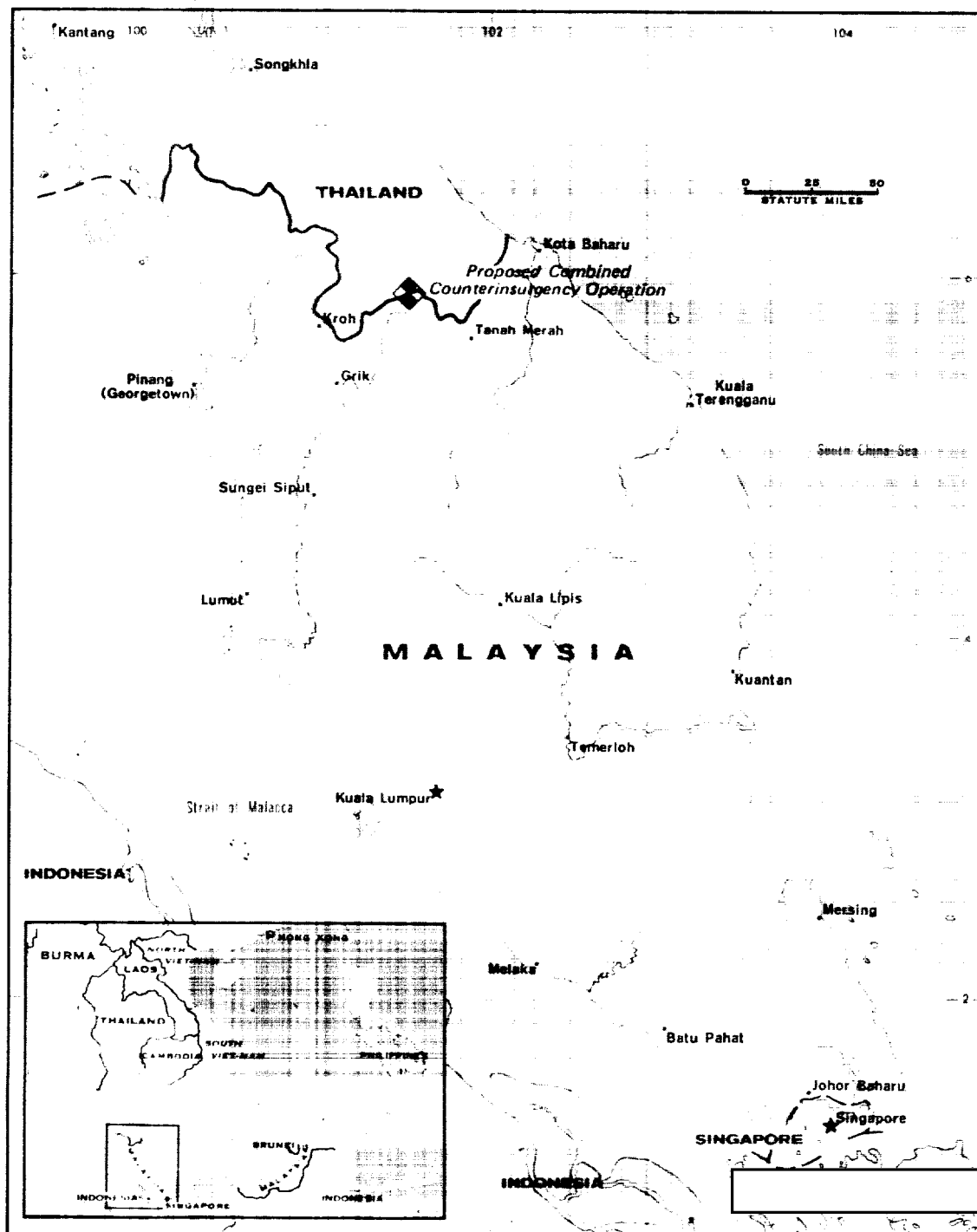
Significantly, university officials have taken steps to assist the government. On the 10th, officials of six Bangkok universities discussed ways to end the student protests. Reports indicate that the protesting students are getting little public backing, and student leaders have announced that they are willing to negotiate with Khukrit.

The student movement has been sharply factionalized since its involvement in the ouster of the Thanom government in 1973. If a cause could be found to pull the various factions together, however, the students could represent a formidable force in domestic politics. Moreover, with the support of farm and labor unions—not usually prone to cohesive action—the movement could offer a significant threat to Khukrit's coalition. Khukrit, for his part, is basking in his recent successes. He apparently is prepared to take steps toward meeting some requests of both groups but will hold the line against unreasonable demands in an effort to establish his image as a strong domestic leader able to maintain law and order.

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THAILAND/MALAYSIA



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MALAYSIA-THAILAND

The Malaysian and Royal Thai armies have agreed to conduct a combined counterinsurgency operation—the first in recent years—against sanctuaries used by Maoist rebels in the east-central part of the border. The strength of the insurgents in this long-time rebel-controlled area is not thought to be significant.

The Thais will provide one infantry battalion with artillery and border patrol police support, while Malaysia will contribute three infantry battalions and supporting units.

In recent weeks, Kuala Lumpur has been pressing Bangkok to commit more forces to counterinsurgency operations against Malay Maoists. Malaysian leaders believe that the guerrilla problem could be reduced significantly with greater Thai cooperation. The Thais have, however, been more preoccupied with insurgent problems in northern Thailand.

Thailand's Prime Minister Khukrit recently promised greater cooperation and may have insisted that the Thai military participate in the combined operation as a sign of good faith. Prospects for military success are limited because of the local Thai commander's opposition and because the intended locale contains no major rebel elements. Success will also hinge upon whether participating units merely coordinate activities on their respective sides of the border or operate under a single command. The combined counterinsurgency operation may, nevertheless, be an important breakthrough, especially if procedures for inter-army cooperation and cross-border operations are improved.

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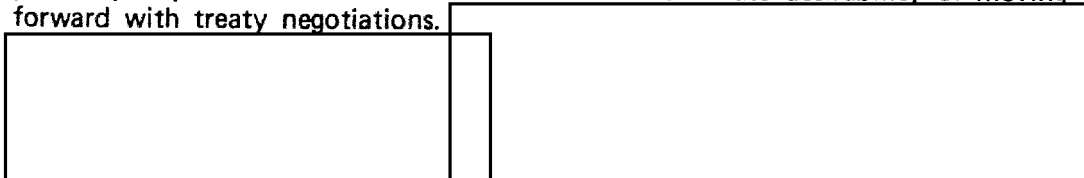
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PANAMA

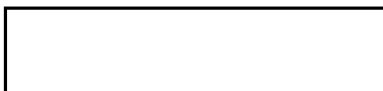
Panama will formally join the nonaligned nations group at its meeting in Lima beginning on August 25 to demonstrate independence from the US, enhance its image among third-world nations, and revitalize its leftist revolutionary credentials.

Chief of Government General Torrijos made the public announcement on August 7 amid indications that he also plans to establish diplomatic relations with Moscow before the end of September, and with Peking in the near future. In the past, General Torrijos has been careful not to join the nonaligned group, authorizing only an observer status, in order to avoid the commitments and issue-oriented responsibilities such membership entails. He has also feared such moves would antagonize the US and jeopardize treaty negotiations.

The faltering course of negotiations since March, however, coupled with residual doubts concerning Washington's determination to conclude a new treaty most likely caused the General to change his tactics. The expected action in Lima and movement toward ties with the USSR and China also derive from the General's need to maintain his nationalist revolutionary credentials and again assert independence from the US in the face of opposition criticism at home. The General probably hopes these moves will convince the US of the desirability of moving forward with treaty negotiations.



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THAILAND-LAOS

Relations between Vientiane and Bangkok are deteriorating further. In apparent retaliation for the lack of Lao action in freeing two Thai assistant military attaches detained since early last week, Thailand has ordered its ambassador home for "consultations."

A Foreign Ministry official in Bangkok informed the press on August 10 that Ambassador Sawet must seek a meeting with the Laotian foreign minister to inform him officially of the recall order. The meeting is scheduled for today, and if the men are not released, Sawet plans to return to Bangkok later in the day.

Sawet's planned meeting today with the Laotian foreign minister, however, seems to indicate a desire to give the Laotians some maneuvering room and perhaps avoid the actual ambassadorial recall. Bangkok does not want to see the dispute escalate further and almost certainly wants to avoid a chain of events leading to a formal break in diplomatic relations.

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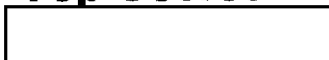
USSR: The Soviet press has begun carrying pessimistic reports on the prospects for the Soviet grain harvest. In stories apparently intended to prepare their readers for worse news to come, both *Izvestia* and *Pravda* have reported that the summer drought and poor preparation for the harvest are taking their toll on crop yields. The stories cite instances where corn, originally intended for grain, has had to be harvested for silage and green fodder. The reports also note some loss of grain from shattering in areas hardest hit by the drought. Although the stories also blame poor preparation of machinery and equipment for the worsening prospects, such charges are common in both good years and bad.

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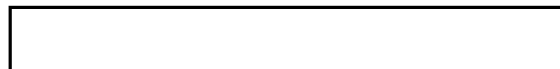
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